**UNITED STATES DISTRICT COURT**
**FOR THE EASTERN DISTRICT OF TEXAS**
**MARSHALL DIVISION**

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| **UNITED STATES ex rel.** | ) | |
| | ) | |
| **MATTHEW A. PEQUIGNOT,** | ) | |
| | ) | |
| **Relator,** | ) | |
| | ) | |
| **v.** | ) | **Case No. 2:08-cv-0222-TJW** |
| | ) | |
| **THE GILLETTE COMPANY and THE PROCTER & GAMBLE COMPANY,** | ) | |
| | ) | |
| **Defendants.** | ) | |

**_QUI TAM_ RELATOR MR. PEQUIGNOT'S OPPOSITION TO DEFENDANTS' MOTION TO DISMISS THE AMENDED COMPLAINT UNDER RULE 12(b)(6) FOR FAILURE TO PLEAD WITH PARTICULARITY UNDER RULE 9(b)**

*Qui tam* relator Matthew A. Pequignot, through undersigned counsel, respectfully submits this memorandum in opposition to the motion to dismiss filed by the defendants, The Gillette Company and The Procter & Gamble Company (collectively, "Defendants"). Defendants' motion must be denied because Mr. Pequignot's false marking claims, brought on behalf of the United States pursuant to 35 U.S.C. § 292, are not subject to the heightened pleading standards of Rule 9(b) of the Federal Rules of Civil Procedure, as Defendants contend, but rather the notice pleading standards of Rule 8. Courts have uniformly refused to apply Rule 9(b)'s requirements to Section 292 claims, recognizing that such claims do not trigger Rule 9(b) because they do not allege "fraud or mistake." In any event, the Amended Complaint, which is more than 250 pages, easily satisfies both the Rule 8 and 9(b) pleading standards. Mr. Pequignot has alleged each of Defendants' false marking violations with particularity – specifically identifying each product at issue by product name and description, and even including a photograph of each product, and specifically identifying each patent with which Defendants have falsely marked their products by patent number, title, and date. In other words, the Amended Complaint is plead with more than sufficient particularity and Defendants' motion to dismiss must therefore be denied.

**PRELIMINARY STATEMENT**

The Procter & Gamble Company ("P&G") and its wholly-owned subsidiary, The Gillette Company ("Gillette"), manufacture and sell personal care products to the general public, including, among other things, razors, razor blade cartridges, toothbrushes, and antiperspirant and deodorant products. Mr. Pequignot alleges that, in violation of 35 U.S.C. § 292, Defendants have falsely marked at least 89 of their products with patents that have expired (or were abandoned or terminally disclaimed) and/or with patents that do not cover or protect the marked products. For example, Defendants manufacture and sell a razor cartridge product that is marked with a patent that expired in 1997. Am. Compl. ¶ 14, 342-43. Defendants also manufacture and sell a razor cartridge product having no handle that is marked with a patent for razor handles. *Id.* ¶ 213, 829, 852 and Ex. M. Defendants have persisted in these and other false marking practices in order to mislead consumers and would-be competitors, thus stifling competition in their industry and gaining an unfair competitive advantage.

Mr. Pequignot, a licensed patent attorney, brought this action as a *qui tam* relator to hold Defendants liable for their extensive false marking practices. Congress enacted Section 292 to promote a fair patent system and competitive marketplaces by prohibiting the false marking of products with patents. Section 292(a) provides, in relevant part:

> Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word "patent" or any word or number importing that the same is patented for the purpose of deceiving the public. . .

Shall be fined not more than $500 for every such offense.

35 U.S.C. § 292(a). Section 292(b) provides that: "[a]ny person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States." Thus, Congress encourages enforcement of Section 292 by private citizens like Mr. Pequignot by rewarding successful *qui tam* relators with half of any civil penalties awarded to the United States against false markers.

The allegations in the Amended Complaint describing Defendants' violations of Section 292 are highly particularized. The Amended Complaint specifically identifies each of the Defendants' 89 products that is the subject of Mr. Pequignot's false marking allegations – even including a photograph of each product to eliminate any possible confusion. Compl. ¶¶ 11, 323-2534 and Exs. A-KKKK (photographs of products). In addition to identifying each product at issue with particularity, each of Defendants' false marking violations is alleged with particularity. For each of the 89 products, the Amended Complaint specifies the patent with which the product is falsely marked by number, title, and date. The Amended Complaint also specifies for each alleged false marking Mr. Pequignot's exact reason for contending that the marking is false – which, in each instance, is one of three reasons: that the patent has expired, the patent's scope does not cover the product or the patent is a method patent that does not cover the product. Therefore, the Amended Complaint puts Defendants on notice of exactly which of its products are falsely marked and the exact nature of those false markings.

Despite the fact that Mr. Pequignot's allegations of false marking could not be any more specific, Defendants have moved to dismiss the Amended Complaint pursuant to Federal Rule of Civil Procedure 12(b)(6), on the ground that the Amended Complaint does not allege fraud with particularity in accordance with Rule 9(b). Defendants' argument is without merit because Section 292 claims are not subject to Rule 9(b)'s heightened pleading standard. Even if the

Court chooses to apply the heightened pleading standard, the Amended Complaint pleads false marking with sufficient particularity to satisfy Rule 9(b).

## LEGAL STANDARD

Motions to dismiss based upon Rule 12(b)(6) are disfavored and are rarely granted. *Collins v. Morgan Stanley Dean Witter*, 224 F.3d 496, 498 (5th Cir. 2000); *see also Ramirez v. Walker*, 199 F. Appx 302, 306 (5th Cir. 2006). "The complaint must be liberally construed, with all reasonable inferences drawn in the light most favorable to the plaintiff." *Causey v. Sewell Cadillac-Chevrolet, Inc.*, 394 F.3d 285. 288 (5th Cir. 2004). A complaint does not need detailed factual allegations to survive a Rule 12(b)(6) motion to dismiss, so long as the factual allegations, assumed to be true, raise a "right to relief above the speculative level." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007). "The issue is not whether the plaintiff will ultimately prevail, but whether he is entitled to offer evidence to support his claim." *Jones v. Greninger*, 188 F.3d 322, 324 (5th Cir.1999).

A motion to dismiss for failure to plead fraud with particularity in accordance with Federal Rule of Civil Procedure 9(b) is treated as a Rule 12(b)(6) motion to dismiss for failure to state a claim. *Lovelace v. Software Spectrum, Inc.*, 78 F.3d 1015, 1017 (5th Cir. 1996). Rule 9(b), which is limited to claims alleging fraud or mistake, provides that,

> [i]n alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge and other conditions of a person's mind may be alleged generally.

Fed. R. Civ. P. 9(b). The Fifth Circuit has emphasized that "'Rule 9(b)'s ultimate meaning is context-specific'" and "depends on the elements of the claim at hand." *United States ex rel. Grubbs v. Kanneganti*, --- F.3d ----, 2009 WL 930071 (5th Cir. Apr. 8, 2009) (quoting *Williams v. WMX Techs., Inc.*, 112 F.3d 175, 178 (5th Cir. 1997)). For that reason, "the 'time, place, contents and identity' standard originated in common law fraud and securities fraud cases" has limited applicability to other types of claims that otherwise fall within its scope. *Id.* Thus, "[d]epending on the claim, a plaintiff may sufficiently 'state with particularity the circumstances constituting fraud or mistake' without including all the details of any single court-articulated standard." *Id.*

## ARGUMENT

### I. THE COURT SHOULD NOT EXTEND RULE 9(B)'S HEIGHTENED PLEADING STANDARD TO FALSE PATENT MARKING CLAIMS

Defendants move to dismiss the Amended Complaint for failure to state a claim pursuant to the heightened pleading standards of Rule 9(b), a standard which simply does not apply to false marking claims. No court has ever found that Rule 9(b) applies to claims under 35 U.S.C. § 292. To the contrary, the only two courts to address the question have found exactly the opposite, both ruling that Section 292 claims are subject solely to the notice pleading standards of Rule 8, not to Rule 9(b)'s heightened requirements. *See Astec Am., Inc. v. Power-One, Inc.*, No. 6:07-cv-464, 2008 U.S. Dist. LEXIS 30365, at *33 (E.D. Tex. Apr. 11, 2008) (holding that Rule 9(b) does not apply to claims under 35 U.S.C. § 292); *Third Party Verification, Inc. v. Signaturelink, Inc.*, 492 F. Supp. 2d 1314, 1327 (M.D. Fla. 2007) (same; noting "[t]here is no case law that has required the Rule 9 level of pleading to claims for false marking."). The Court should reach the same conclusion here.

On its face, Rule 9(b) applies only to claims "alleging fraud or mistake." Fed. R. Civ. P. 9(b). The Supreme Court has repeatedly declined to extend Rule 9(b)'s requirements to contexts not specifically enumerated in the rule. *See Swierkiewicz v. Sorema N.A.*, 534 U.S. 506, 513 (2002) (employment discrimination); *Leatherman v. Tarrant County Narcotics Intelligence and Coordination Unit*, 507 U.S. 163, 168 (1993) (under doctrine of "*[e]xpressio unius est exclusion* *alterius*," Rule 9(b) did not apply to statutory violation not referenced in the rule). The Fifth Circuit, following *Swierkiewicz* and *Leatherman*, has likewise held that Rule 9(b)'s "scope of application should be read narrowly," and the Rule's "stringent pleading requirements should not be extended to causes of action not enumerated therein." *Am. Realty Trust, Inc. v. Hamilton Lane Advisors, Inc.*, 115 Fed. Appx. 662, 668 (5th Cir. 2004) (reversing as error district court's application of Rule 9(b) to negligent misrepresentation claim).

Moreover, Defendants' argument that Section 292's requirement of an "intent to deceive" converts false patent marking claims into a "species of fraud" subject to Rule 9(b) has been soundly rejected. In both *Astec* and *Third Party Verification*, the courts expressly held that Rule 9(b) does not apply to false marking claims, regardless of whether such claims require a showing of "deceptive intent." *See Astec*, 2008 U.S. Dist. LEXIS 30365 at *33 (rejecting defendant's argument that "because a false marking claim requires an allegation of deceptive intent, it is similar to an averment of fraud."); *Third Party Verification*, 492 F. Supp. 2d at 1327 (rejecting defendant's argument that Rule 9 applies "because the false marking statute is penal and requires a showing of an intent to deceive.").

In their brief, Defendants do not even attempt to distinguish *Astec* or *Third Party Verification*. Mtn. at 3 n.6. Nor do they cite any cases addressing the issue of whether Rule 9(b)'s heightened pleading requirements apply to Section 292 claims. Instead, Defendants base their motion to dismiss primarily on *dicta* in cases that used the shorthand phrase, "fraudulent intent," to refer to an "intent to deceive." Mtn. at 2. However, none of those cases has anything to do with the initial pleading requirements for a Section 292 false marking claim. In fact, *Norton* or *Seven Cases* do not concern Section 292 at all. Moreover, each of the three cases on which Defendants rely was decided well before *Astec* and *Third Party Verification*.

As for Defendants' reliance on two cases that purportedly "provide[] authority expressly linking false marking to fraud," Mtn. at 3 n.6, neither case so much as suggests that Section 292 incorporates a fraud claim. In *Haynes*, the Court was merely summarizing plaintiff's argument for invoking the "crime-fraud" exception to the attorney-client privilege. *Haynes v. R.H. Dyck, Inc.*, No. 2:06:CV-02944-MCE-EFB, 2008 U.S. Dist. LEXIS 910, at *4 (E.D. Cal. Jan. 4, 2008). Similarly, the "conscious fraud" referred to in *Scharmer* was not the alleged violation of Section 292, but rather an alleged misrepresentation made to the Patent Office. *United States ex rel. Scharmer v. Carrollton Mfg. Co.*, 377 F. Supp. 218, 220-21 (N.D. Ohio 1974). That these cases use the word "fraud," in passing in a completely unrelated context hardly suffices as precedent for Defendants' argument that a Section 292 claim amounts to a claim of fraud for purposes of Rule 9(b).

Defendants' discussion of Fifth Circuit precedent applying Rule 9(b) to actions under the False Claims Act ("FCA"), 31 U.S.C. § 3729 *et seq.*, is also irrelevant to whether Section 292 claims should be pleaded with particularity. Mtn. at 3. Unlike Section 292, the FCA is explicitly directed to fraud, imposing liability on persons who submit "false or fraudulent claims" to the United States government or who act with an "intent to defraud" the government. *See* 31 U.S.C. § 3729(a) (emphasis added). In fact, the Second Circuit decision on which the Fifth Circuit relied in extending Rule 9(b) to FCA claims reasoned that "[i]t is self-evident that the FCA is an anti-fraud statute." *See Gold v. Morrison-Knudsen Co.*, 68 F.3d 1475, 1476 (2d Cir. 1995); *see also U.S. ex rel. Thompson v. Columbia/HCA Healthcare Corp.*, 125 F.3d 899, 903 (5th Cir. 1997) (relying on *Gold*). The same cannot be said of Section 292.

Defendants' "public policy" arguments, Mtn. at 2, do not support applying Rule 9(b)'s heightened pleading standards to Section 292 claims either. Defendants' complaints about the potential expense related to defending the large number of patents and products at issue is a direct result of the extent and pervasiveness of Defendants' own misconduct – not because Section 292 *qui tam* relators are not bound to a heightened pleading standard. Similarly, Defendants' fear of unfounded "fishing expeditions" in false marking cases is unwarranted in light of the Court's ample discretion to manage discovery and to prevent litigants from "searching for a valid particular claim after filing suit." *Am. Realty Trust*, 115 Fed. Appx. at 667 (discussing purposes of Rule 9(b)). Finally, the mere fact of the *qui tam* nature of Section 292(b) which expressly allows private citizens to bring claims on behalf of the United States without having suffered an injury, does not warrant imposition of Rule 9(b)'s heightened pleading standards, as Defendants argue. To the contrary, it lends further support to applying the general approach of simplified pleadings to vindicate Congress's goal of private enforcement.

Because Defendants have provided no valid reason for this Court to break with precedent and extend Rule 9(b) to Section 292 claims, the Court should apply Rule 8's liberal pleading requirements to Mr. Pequignot's false marking claims and should find that the Amended Complaint easily satisfies those requirements. Indeed, Defendants have conceded as much by failing to make a Rule 8 challenge in their motion to dismiss.

## II. EVEN IF THE COURT EXTENDED RULE 9(B)'S REQUIREMENTS, THE AMENDED COMPLAINT PLEADS FALSE MARKING WITH PARTICULARITY

Even assuming that the Court were to apply Rule 9(b) to Mr. Pequignot's false marking claims, the Amended Complaint's extensive allegations, which are set forth in detail over 250 pages, are more than sufficient to satisfy Rule 9(b)'s heightened pleading standards. As explained above, Rule 9(b) is "context specific and flexible" and its requirements "depend[ ] on the elements of the claim at hand." *U.S. ex rel. Grubbs*, 2009 WL 930071, at *5. The Fifth

Circuit will not require a plaintiff "to state more facts than necessary to prove elements of a cause of action to a preponderance at trial." *Id*. at *5, n.29.

Thus, even if Rule 9(b) applied, whether the Amended Complaint pleads false marking with sufficient particularity to satisfy Rule 9(b) would turn on the elements of the claim. The Federal Circuit has summarized the elements of a Section 292 violation as follows: "(1) a marking importing that an object is patented (2) falsely affixed to (3) an unpatented article (4) with intent to deceive the public." *Clontech*, 406 F.3d at 1351 (quotation omitted). Defendants do not dispute that Mr. Pequignot adequately pleaded the first two elements, instead focusing entirely on the Amended Complaint's purported lack of particularity with regard to the third and forth elements. Contrary to Defendants' arguments, the Amended Complaint more than adequately pleads both the unpatented article and intent to deceive elements.

### A. The Amended Complaint Adequately Alleges That Defendants' Products Are Unpatented Articles

The Amended Complaint alleges that Defendants marked 89 products with the numbers of patents that do not cover the products so marked. The Amended Complaint first describes the patents whose numbers Defendants misused, specifying for each patent details including the title, number, assignee, date of issuance and date of expiration (where applicable). *See* Am. Compl. ¶¶ 12-306. The Amended Complaint then states, for each of 89 products, which patent numbers were marked on each product and exactly why such marking was "false." Specifically, the Amended Complaint alleges with particularity that Defendants' products were not covered or otherwise protected by the identified patents– in other words, that the products were "unpatented" – under one or more of three theories: (1) because the patent had expired; (2) because the patent's scope does not cover the product; and/or (3) because the patent covers a method only and not any marked apparatus. *See Clontech*, 406 F.3d at 1352 ("When the statute refers to an 'unpatented article' the statute means that the article in question is not covered by at least one claim of each patent with which the article is marked.").

1. Products Marked with Expired Patents are Unpatented Articles

For each count alleging that Defendants marked a product with an expired patent, the Amended Complaint specifically identifies the product that is falsely marked, the patent with which it is falsely marked, the exact date on which that patent expired (or the date on which the patent was abandoned or terminally disclaimed), and that Defendants knew, on or about the date of expiration, that the patent had expired. For example, in Count 543 of the Amended Complaint, Mr. Pequignot alleges that Gillette has marked one of its razor cartridge products with the '821 patent. Mr. Pequignot further alleges that the '821 patent expired on December 2, 1997, more than 11 years ago, and that, upon information and belief, Defendants knew on or around that date, that the patent had expired. *See, e.g.*, Am. Compl. ¶¶ 14-15, 342-343. It is a basic tenet of patent law that an expired patent no longer protects a product, a proposition that Defendants do not contest, and thus a product marked with an expired patent is an "unpatented article" that has been falsely marked as patented in violation of Section 292. *See, e.g., Pequignot v. Solo Cup Co.*, 540 F.Supp.2d 649, 653-54 (E.D. Va. 2008) (holding that an article marked with an expired patent number is an "unpatented article" that has been falsely marked within the meaning of Section 292); *D.P. Wagner Mfg., Inc. v. Pro Patch Sys., Inc.*, 434 F.Supp.2d 445, 452 n. 3 (S.D. Tex. 2006) (same); *see generally, Biotechnology Industry Organization v. District of Columbia*, 496 F.3d 1362, 1373 (Fed. Cir. 2007) (an "inventor's exclusive rights terminate" after patent expires). All other counts in the Amended Complaint alleging that Defendants falsely marked products with expired patents include the level of precise detail of Count 543 so that there can be no question about the nature of the false marking violation that is alleged.

Defendants do not dispute that Mr. Pequignot has adequately alleged both that the patents in question expired and that Defendants' products were marked with the expired patents. Rather, Defendants assert that the Amended Complaint fails to provide a "specific factual basis to support the allegation that the articles in question were falsely marked ***when marked***." Mtn. at 8 (original emphasis). In other words, Defendants contend that Mr. Pequignot cannot properly allege that Defendants marked their products with expired patents without specifically alleging the date on which each such article was marked.

What Defendants are demanding is not particularity but proof – a level of detail Rule 9(b) does not require. *See U.S. ex rel. Grubbs*, 2009 WL 930071, at *5 & n.32. Just as in *Grubbs*, Mr. Pequignot's allegations regarding expired patents, such as the '821 patent that expired in 1997, Am. Compl. ¶¶ 14 & 1978-80, "amount[] to more than probable, nigh likely, circumstantial evidence" that the products in question were falsely marked. 2009 WL 930071, at *8. As in *Grubbs*, it "would stretch the imagination" to infer that a product that in 2008 bore the number of a patent that expired in 1997 was marked before the patent expired and simply sat on the retailer's shelf for eleven years before being discovered by Mr. Pequignot.

As the Fifth Circuit recognized in *Grubbs*, *id.* at *7, even Rule 9(b) contemplates that plaintiffs will need some discovery to uncover some of the facts needed to support their claims. Here, the dates on which each article was manufactured, packaged and marked with the expired patent are peculiarly within Defendants' knowledge. This information could not possibly be available to a *qui tam* relator like Mr. Pequignot without discovery, and should not be deemed necessary to state a claim for false marking. Thus, Mr. Pequignot has more than satisfied Rule 9(b)'s requirements as to all counts alleging that Defendants falsely marked certain products with certain expired patents.

2. Products Marked with Patents Having Scopes Not Covering the Products Are Unpatented Articles

Mr. Pequignot has alleged in great detail that Defendants falsely mark certain of their products with patents having scopes not covering the products – that is, that none of the claims contained in a patent cover the article on which it is marked. As the Federal Circuit has held, if the patent's scope does not cover a product, the product is an unpatented article for purposes of Section 292. *Clontech*, 406 F.3d at 1352 (An article is "unpatented" for purposes of § 292 if it is not covered by at least one claim of each patent with which it is marked).

Defendants contend that Mr. Pequignot has failed to provide "**any** factual support" for the scope-related counts, Mtn. at 5. This conclusory argument is belied by the detailed allegations in the Amended Complaint: for each patent whose scope is alleged to exclude one or more of Defendants' products, the Amended Complaint specifies the patent's number, title, date of issuance, and date of expiration (where applicable). *See*, *e.g.*, Am. Compl. ¶¶ 212-306.[1] These allegations, which incorporate the patents themselves, are sufficiently detailed to enable Defendants to identify and review the patents and to evaluate the claims asserted therein. The Amended Complaint then goes on to describe with particularity the various products that were marked with each such patent, including attaching a photograph of each product. *See*, *e.g.*, *id*. ¶¶ 829, 852 & Ex. M. In each case, it is evident from the Amended Complaint's description of the product, the incorporated patent and claims asserted therein, and the attached photograph that the claims of the patent do not cover the product.

For example, Mr. Pequignot alleges in Count 173 that Defendants marked the "Venus Vibrance Exfoliates 4 pack cartridge" product, shown in the photograph attached as Exhibit M to

[1] Patents are publicly available by patent number, at no charge, from various websites, including the U.S. Patent and Trademark Office's website, http://www.uspto.gov, and private patent search applications like that found at http://www.pat2pdf.org.

the Amended Complaint, with the ‘071 patent. Am. Compl. ¶¶ 829, 852. Mr. Pequignot further alleges that the ‘071 patent, issued on January 5, 1999, is entitled “Razor Handle.” *Id*. ¶ 213. Both the product description and the attached photograph demonstrate that the “Venus Vibrance Exfoliates 4 pack cartridge” is a package of razor cartridge refills which does not include a razor handle. *Id*. ¶ 829 & Ex. M. These allegations, therefore, state with sufficient particularity that the scope of the ‘071 “Razor Handle” patent does not cover the “Venus Vibrance Exfoliates 4 pack cartridge” product. All other counts in the Amended Complaint alleging that Defendants have falsely marked products with patents having a scope that do not cover the products are alleged in at least a similar level of detail as Count 173.

Furthermore, for certain of the patents at issue, in addition to alleging the patent’s number, title, and date of issuance, the Amended Complaint also summarizes the scope of the patent which is otherwise publicly available information (*see supra*, note 3). *See, e.g.*, Am. Compl. ¶¶ 233-306. This additional information, though not necessary, provides even more specificity to the Amended Complaint. For example, Mr. Pequignot alleges that the D174 patent “only covers or protects, by way or any patent property right, an ornamental design for a razor handle.” *Id*. ¶ 304. He further alleges that Defendants marked the “Venus Vibrance Exfoliates 4 pack cartridge” product discussed above – a product which clearly does not include a handle – with the D174 patent. *Id*. ¶ 893. These allegations specify not just particularity, but with precision, the factual basis for Mr. Pequignot’s contention that the scope of the D174 patent does not cover the “Venus Vibrance Exfoliates 4 pack cartridge” product. There is simply no more detail that Mr. Pequignot could provide to explain the basis for his claims that Defendants’ products are unpatented articles for purposes of Section 292 that are falsely marked with patents that do not cover the marked products, nor do Defendants explain how such allegations are deficient.

3. Products Marked with Method Patents Are Unpatented Articles

The third type of false marking claims alleged in the Amended Complaint relate to "method" patents which protect "processes" within the meaning of the patent laws –for example, a method of manufacture or a process for cleaning a product – rather than an apparatus or device. *See* 35 U.S.C. § 101 ("Inventions patentable" include "any new and useful process, machine, manufacture, or composition of matter."). The Amended Complaint alleges that Defendants marked certain products with patents that cover methods only, and not products, and that such markings are therefore false. Contrary to Defendants' argument, Mtn. at 6, the "method" allegations are sufficiently particular to state a claim for false marking even under Rule 9(b)'s heightened pleading requirements.

The Amended Complaint alleges that 42 of Defendants' products are falsely marked with method patents, and that most of them are marked with more than one method patents.[2] For each alleged violation, the Amended Complaint alleges the patent number, title, and date of issuance for each of the six method patents at issue. *See* Am. Compl. ¶¶ 198-211. In addition, for each method patent, the Amended Complaint specifically alleges that the patent "only covers or protects, by way of any patent property right, a method and does not cover or protect, by way of any patent property right, the structure or configuration of any apparatus." *Id.* These detailed allegations – which must be accepted as true on a motion to dismiss – make clear that each of

[2] The "method" patents are the '204 patent, Am. Compl. ¶ 198; the '293 patent, *id*. ¶ 204; the '542 patent, *id*. ¶ 206; the '627 patent, *id*. ¶ 202; the '788 patent, *id*. ¶ 200; and the '9788 patent, *id*. ¶ 210. Upon further review, Mr. Pequignot has determined that one count of the Amended Complaint relating to the '903 patent, Count 27, was inadvertently alleged as a "method" count, rather than a scope count. That is to say, Paragraphs 208 and 403 should have alleged that Patent '903, entitled Dispensing Razor Blade Cartridges Used with a Handle, has a scope that does not cover the product. Mr. Pequignot requests leave to amend the Amended Complaint to make this minor correction to this allegation and count.

the patents includes only method claims, and no claims that cover any physical product. The Amended Complaint also specifically identifies in separate counts each product that Defendants have falsely marked with each method patent. *See* Mtn. at 5 n.8.

For example, in Count 18, Mr. Pequignot alleges that Defendants have falsely marked the M3Power Nitro Razor (Exh. B to Complaint) with method patent ‘204, Aqueous Cleaning Method, which covers a method of cleaning an article, rather than the apparatus of the marked razor itself. By so marking the product, Defendants give the false impression that the razor itself is protected by a patent monopoly and cannot be copied, thus misleading the public and stifling competition as part of Defendants’ widespread effort of marking its products with other patents that have expired or do not have a scope that ever protected the product. These allegations provide a sufficient factual basis to conclude that the products are unpatented articles that have been falsely marked as patented.

Defendants argue that these allegations are inadequate because a method claim can, indeed, “cover or protect” an apparatus. Mtn. at 6-7. This argument, even if it were true, raises a question of fact that should not be resolved on a motion to dismiss. *See, e.g.*, *Eaton Corp. v. Rockwell Intern. Corp.*, 323 F.3d 1332, 1337 (Fed. Cir. 2003) (“The application of a properly construed claim to an accused device is a question of fact . . .”). In any event, Defendants’ contention that a method claim can cover or protect an apparatus is simply incorrect. Method claims are directed to a process, not a product. *See, e.g.*, *Westwood Chemical, Inc. v. U.S.*, 525 F.2d 1367, (Ct. Cl. 1975) (“Processes and products are separate categories of invention.”). “[A] process is nothing more than the sequence of actions of which it is comprised.” *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005). Thus, by definition, method claims do not cover anything other than the sequence of actions they describe – not even apparatuses used to perform the method or apparatuses manufactured by means of the method. *See, e.g.*, *Astrazeneca AB, v. Mut. Pharm. Co., Inc.*, 384 F.3d 1333, 1336 (Fed. Cir. 2004) ("It is axiomatic that the claims mark the outer boundaries of the patent right to exclude."); *Inpro II Licensing, S.A.R.L. v. T-Mobile USA, Inc.*, 450 F.3d 1350, 1354 (Fed. Cir. 2006) ("The boundaries of patented inventions are set forth in the claims. . . .")

Underscoring the fact that method claims do not cover apparatuses, the Federal Circuit recently took pains to clarify, *en banc*, that "product-by-process" claims protect only the claimed process, and not the articles produced by that process. *See Abbott Labs. v. Sandoz*, --- F.3d ----, 2009 WL 1371410, at *7-9 (May 18, 2009) (citing *Atlantic Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834 (Fed. Cir. 1992) for proposition that "indistinguishable" products made by a different method did not infringe process patent). Thus, the Court held, if a patent describes a product solely in terms of the process that produced it, there can only be infringement if the patented *process* was used. *Abbott Labs.*, 2009 WL 1371410, at *9. In other words, for a product to be protected in its own right, the patent must include a separate and distinct apparatus claim; a method claim only covers a method.

The infringement cases on which Defendants rely for their argument, Mtn. at 6-7, do not change this fundamental principle of patent law. *Hoover*, for example, involved a hybrid patent that included both method and apparatus claims. *See Hoover*, 66 F.3d at 301. In evaluating whether the storage tanks at issue infringed the patent, the Federal Circuit discussed the tanks' structure only in connection with claim 1 of the patent, which was "directed to a tank of specific structure." *Id.* at 304. The court remanded for further findings as to whether tanks were manufactured according to the methods described in claims 2 and 3 of the patent. *Id.* Thus, *Hoover* makes clear that the structure of the apparatus at issue could only infringe the apparatus claim of the patent, and not the method claims.

*Ricoh* and *nCube* both involved allegations of indirect infringement by the defendant's sale of a product with the intent that it be used to perform a patented method. *See Ricoh Co., Ltd. V. Quanta Computer, Inc.*, 550 F.3d 1325, 1336 (Fed. Cir. 2009); *nCube Corp. v. Seachange Int'l. Inc.*, 436 F.3d 1317, 1324-25 (Fed. Cir. 2006). In each case, the defendants' product contributed to infringement only because it was designed to be used to perform the patented method, not because of any similarity in structure to a product of the patent holder. *Ricoh*, 550 F.3d at 1337; *nCube*, 436 F.3d at 1325. Neither case suggests that the patents' method claims protected an apparatus.

Defendants' assertion that the notice provisions of 35 U.S.C. § 287 require the marking of all patents, including method patents, is simply wrong. "The law is clear that the notice provisions of § 287 do not apply where the patent is directed to a process or method." *Crown Packaging Technology, Inc. v. Rexam Beverage Can Co.*, 559 F.3d 1308, 1316 (Fed. Cir. 2009) (emphasis added). Defendants' carefully-worded assertion that patent law "***requires*** marking with patents containing method claims under certain circumstances," Mtn. at 7 (original emphasis), fails to clarify that the only such circumstance is when a patentee claims infringement of an apparatus claim in a patent that contains both method and apparatus claims, as the cases Defendants cite clearly hold. *See, e.g., Am. Med. Sys. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1538-39 (Fed. Cir. 1993) ("Where the patent contains both apparatus and method claims, however, to the extent there is a tangible item to mark by which notice of the asserted method claims can be given, a party is obliged to do so. . .") (emphasis added); *Soverain Software LLC v. Amazon.com, Inc.*, 383 F. Supp. 2d 904, 908 (E.D. Tex. 2005) (same). Here, Defendants have marked certain products with patents that covered methods only, and not products or apparatus, and thus is easily distinguishable.

In sum, none of Defendants' cases support the proposition that method claims can cover or protect apparatuses, and thus Defendants' marking of 42 products with method-only patents is false marking of "unpatented articles" for purposes of Section 292 as alleged in the Complaint. *See Clontech*, 406 F.3d at 1352 ("When the statute refers to an 'unpatented article' the statute means that the article in question is not covered by at least one claim of each patent with which the article is marked.")

### B. The Amended Complaint Adequately Alleges That Defendants Intend To Deceive The Public

Even assuming the Court extends Rule 9(b) to Section 292 false marking claims, Defendant's contention that the Amended Complaint fails to plead the fourth element of a false marking violation – intent to deceive the public – with sufficient particularity is also without merit. *See* Mtn. at 4 (regarding scope counts), 6 (regarding method counts), 7 (regarding expiration counts). Contrary to Defendants' characterizations, Rule 9(b) expressly allows intent to be pleaded generally, a fact that Defendants conveniently overlook. Fed. R. Civ. P. 9(b). Rule 9(b) provides: "Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally." Fed R. Civ. P. 9(b) (emphasis added). Thus, Rule 9(b) acknowledges the obvious reality that the specific facts manifesting the defendant's mental are largely within the defendant's control and to require such specificity at the pleading stage would prevent almost any action that requires proof of a defendant's state of mind.

The Amended Complaint more than adequately alleges that Defendants' actions were performed with the requisite intent to deceive the public, as required under Section 292. In

*Clontech*, the Federal Circuit made clear exactly what is required to establish an "intent to deceive" for purposes of § 292:

> Intent to deceive is a state of mind arising when a party acts with sufficient knowledge that what it is saying is not so and consequently that the recipient of its saying will be misled into thinking that the statement is true. . . . [I]n order to establish knowledge of falsity the plaintiff must show by a preponderance of the evidence that the party accused of false marking did not have a reasonable belief that the articles were properly marked (i.e., covered by a patent).

*Clontech*, 406 F.3d at 1352-53 (emphasis added). In this case, the Amended Complaint alleges facts sufficient to give rise to an inference that Defendants did not have a reasonable belief that their products were properly marked as required under *Clontech*. The Amended Complaint alleges that Defendants, upon information and belief, knew that the patents marked on the products had expired and have caused the products to be marked with the specified patent after it has expired. The Amended Complaint further alleges that Defendants are sophisticated and experienced in applying for, obtaining and litigating patents, and therefore, Defendants knew that expired patents could not protect their products. Am. Compl. ¶ 309.[3] The Amended Complaint also alleges that Defendants knew that some of their products are marked with patents whose scopes "unmistakably do not cover the products" on which they are marked[4] and that method patents do not protect "the structure or configuration of any apparatus." *Id.* ¶ 313, 317. Furthermore, the sheer number of patents and products involved, the extensive length of time that some of the patents have been expired, and the obvious inapplicability of many patents to

[3]For example, the Amended Complaint alleges that Defendants have marked numerous products with multiple patents that they knew expired years ago. Am. Compl. at ¶¶ 14-26 (patents expired in 1981, 1997, 1999, 2000, and 2002).

[4] For more examples, in addition to the razor handle example discussed in detail above, *see* Am. Compl. ¶¶ 143, 2038-2040 & Ex. KK (patent on ornamental design for shaving unit overcap marked on shaving container without overcap); ¶¶ 105, 1524 & Ex. Z (patent on electronic fuel injection apparatus marked on plastic razor).

the products on which they are marked all give rise to a reasonable inference that Defendants have engaged in a purposeful program of marking products with inapplicable patents.

### C. The Amended Complaint Properly Alleges Certain Facts Upon Information and Belief

In their final argument, Defendants contend that many of the allegations in the Amended Complaint are deficient because "pleadings of fraud cannot be based on information and belief." Mtn. at 8-9. First, as discussed extensively above, Section 292 claims are not fraud claims under Rule 9(b), and this rule is thus inapplicable. Even assuming it were to apply, however, it is well established that "[i]f the facts pleaded in a complaint are peculiarly within the opposing party's knowledge, fraud pleadings may be based on information and belief." *Dorsey v. Portfolio Equities, Inc.*, 540 F.3d 333, 339 (5th Cir. 2008) (quotation omitted). Defendants do not dispute that the facts Mr. Pequignot alleges upon information and belief are peculiarly within Defendants' knowledge. *See* Mtn. at 8-9. Rather, Defendants contend that the Amended Complaint fails to set forth a sufficient factual basis to support the beliefs alleged. Mtn. at 8-9. Defendants are wrong.

Defendants first claim that the Amended Complaint insufficiently supports the belief that Defendants knew of the expiration dates of the expired patents. *See* Mtn. at 8. To the contrary, the Amended Complaint alleges that one of the Defendants or a subsidiary of a Defendant is the assignee of nearly all the patents alleged to have expired. *See* Am. Compl. ¶¶ 12-197. By alleging that the Defendants or their subsidiaries effectively owned the expired patents, the Amended Complaint sets forth a sufficient factual basis for the reasonable belief that Defendants knew the patents' expiration dates. *See Aspex Eyewear, Inc. v. Altair Eyewear, Inc.*, 288 Fed. Appx. 697, 705 (Fed. Cir. 2008) (assignee holds all legal rights to a patent); *Prima Tek II LLC v.*

*A-Roo Co.*, 222 F.3d 1372, 1377 (Fed. Cir. 2000) (assignee of all substantial rights under the patent becomes the effective patentee).[5]

In addition, the Amended Complaint alleges that Defendants "are sophisticated companies with many decades of experience applying for, obtaining, and litigating patents, and therefore know that patents do not have an indefinite duration, but rather, expire." Am. Compl. ¶ 309. This factual allegation, which must be taken as true, gives rise to the reasonable inference that such sophisticated companies would inform themselves of the expiration dates applicable to the patents they are using, and along with the sheer length of time that has passed since most of the patents had expired (in some cases more than a decade), supports the belief that Defendants knew the patents' expiration dates, even when Defendants did not own the patents.

Defendants next challenge the allegations of Defendants' knowledge that certain of the products identified in the Amended Complaint were marked with expired patents, with method patents, or with patents whose scope did not cover the products. Mtn. at 8 (citing Am. Compl. ¶¶ 311, 314, and 316). The Amended Complaint alleges that Defendants manufacture, market, and sell each one of the products alleged to be falsely marked. *See, e.g.*, Am. Compl. ¶¶ 10-11, 323, 357. The fact that Defendants themselves made the products at issue provides a sufficient factual basis for the belief that Defendants knew what patent markings were placed on the products. As "sophisticated companies," it is reasonable to believe that Defendants knew that certain of the patents they were using had expired, knew that method patents do not cover apparatuses, and knew that certain patents' scope did not cover the products on which they were marked.

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[5] Defendants also take issue with two paragraphs alleging on information and belief that, before the Defendants merged, Gillette falsely marked its products and that, after the Defendants merged, one or both of the Defendants did the false marking. Mtn. at 8-9 (citing Am. Compl. ¶¶ 319-320). Both of these allegations are based on the prior factual allegation that P&G acquired Gillette in 2005, Am. Compl. ¶ 318, and identify generally the identity of which company falsely marked the products, and more than adequately plead the necessary facts to support such a belief.

Finally, Defendants claim that Mr. Pequignot insufficiently supports the allegation that Defendants' false marking wrongfully quelled competition and caused harm to Mr. Pequignot, the United States, and the public. Mtn. at 9 (citing Am. Compl. ¶ 2356). Because specific harm is not a required element of a Section 292 action, nor is harm to competitors or the public even relevant to assessing the validity of a Section 292 claim, Mr. Pequignot did not even need to plead these facts. *See Pequignot v. Solo Cup, Inc.*, No. 7-CV-00897, at p. (E.D. Va. Mar. 27, 2009) (Relator not required to allege any actual or imminent personal harm to bring *qui tam* action under Section 292); *Vermont Agency of Natural Res. v. United States ex rel. Stevens*, 529 U.S. 765, 771 (2000) (holding *qui tam* statutes do not require that the relator suffer an injury to pursue action); *U.S. ex rel. Grubbs*, 2009 WL 930071 at *5 & n.32 (plaintiff should not be "'forced to plead more than she would be required to prove at trial.'") (quoting *Tellabs, Inc. v. Makor Issues & Rights Ltd.*, 127 S.Ct. 2499, 2513 (2007)).

## CONCLUSION

For the foregoing reasons, and any other reasons that may appear on the record, *qui tam* relator Matthew A. Pequignot respectfully requests that this Court deny Defendants' motion to dismiss the Amended Complaint. To the extent the Court grants Defendants' motion to dismiss in whole or in part, Mr. Pequignot respectfully requests that he be granted leave to amend.

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Respectfully submitted,

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on June 1, 2009, the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this motion was served on all counsel who have consented to electronic service. Local Rule CV-5(a)(3)(A).

/s/ Wesley Hill
J. Wesley Hill